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**GLOBALIZATION AND FINANCIAL MARKETS**

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Professor: Tomasz Michalski

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**PRESENTATION - PRESENTATION**

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The course covers topics in international macroeconomics: exchange rates, integration of international capital markets and financial crises. With the support of international economic theory, the course aims to discuss in a rigorous manner several interlinked issues at the same time giving practical examples.

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**INTENDED LEARNING OBJECTIVES -OBJECTIFS PÉDAGOGIQUES**

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When you complete this course, you should be able to:

- Understand forces shaping exchange rates and be able to forecast them with simple models
- understand what drives capital flows
- assess vulnerability of countries to financial crises
- understand the types of crises countries may be exposed to, how they develop and occur.

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**KEY TOPICS – THÈMES PRINCIPAUX**

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Part 1: Exchange rates

Part 2: International capital markets and their imperfections

Part 3: Financial crises

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**SCHEDULE – DÉROULÉ****COURSE CONTENT – CONTENU**

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<b>Class</b>	<b>Hours</b>	<b>Topic</b>	<b>Readings</b>	<b>Assignments</b>
<b>1&amp;2</b>	<b>3h</b>	Introduction to the course and exchange rates	Krugman et al.	
<b>3&amp;4</b>	<b>3h</b>	Purchasing Power Parity and other real exchange rate concepts	Bekaert et al. Krugman et al.	Homework on exchange rates I
<b>5&amp;6</b>	<b>3h</b>	IRP & the risk premium	Bekaert et al. Krugman et al.	Homework on exchange rates II
<b>7&amp;8</b>	<b>3h</b>	Exchange rate determination: the short of it	Bekaert et al. Krugman et al.	Homework on exchange rates III
<b>9&amp;10</b>	<b>3h</b>	Capital markets and their imperfections	Obstfeld and Rogoff	Homework on capital market imperfections

<b>11&amp;12</b>	<b>3h</b>	Balance of payments; global imbalances	Krugman et al.	Midterm; Homework on balance of payments
<b>13&amp;14</b>	<b>3h</b>	Financial crises part 1: Balance of payments crises	Obstfeld and Rogoff Vegh	Homework on Balance of payments crises
<b>15&amp;16</b>	<b>3h</b>	Financial crises part 2: Speculative currency attacks	Obstfeld and Rogoff Vegh	
<b>17&amp;18</b>	<b>3h</b>	Financial crises part 3: Sovereign debt/banking crises.	Obstfeld and Rogoff Vegh	Homework on speculative currency attacks and sovereign debt crises
<b>19&amp;20</b>	<b>3h</b>	Recent crises: Greece, Argentina or Ukraine: nothing new? Conclusions.		

**TEACHING METHODS - MÉTHODES PÉDAGOGIQUES****COURSE MATERIALS – MATÉRIEL PÉDAGOGIQUE**

The course integrates interactive lectures and homeworks.

**Additional Textbooks:**

Bekaert G. and R. 2008. Hodrick. International Financial Management. Prentice Hall. (or newer editions)  
Krugman, Paul, Maurice Obstfeld and Marc Melitz, International Economics, Prentice Hall, 9 ed. (or newer editions)

Obstfeld, Maurice and Kenneth S. Rogoff, Foundations of International Macroeconomics

Vegh Carlos A., 2013. Open Economy Macroeconomics in Developing Countries.

All course materials will be distributed through Blackboard.

**INDIVIDUAL WORK – TRAVAIL PERSONNEL**

Approximately 1 homework per 3h of lectures will be assigned. Homeworks are to be completed in groups which enhances learning.

Students will need to pass two exams, a midterm and a final, comprised of exercises similar to those found in homeworks.

**GRADING - ÉVALUATION**

The course grade will be based on:

Homeworks:	20%
Midterm exam:	40%
Final exam:	40%

**BIOGRAPHY - BIOGRAPHIE**

Tomasz Michalski

Education

Ph.D. in Economics, Columbia University, 2006

Experience

Associate Professor at the Economics and Decision Sciences Department at HEC Paris (since 2012).

Assistant Professor at the same department 2006-2011. Held teaching positions at Columbia University (2003-2005). Researcher at the National Bank of Poland (2001-2006) in the Exchange Rate Division.